

APPENDIX J

Summaries of Selected Federal and State Funding Programs for Water and Wastewater Infrastructure

Selected Federal Programs

Clean Water State Revolving Fund

The Clean Water State Revolving Fund (CWSRF) is overseen by the Environmental Protection Agency (EPA), Office of Wastewater Management. The three primary targets of the program are funding for (1) centralized wastewater treatment, (2) control of nonpoint source¹⁵¹ pollution, and (3) management of watersheds and estuaries. The SRF is a “revolving fund,” meaning that monies deposited into it from federal and state sources are loaned (at low interest rates) to eligible borrowers, and the repayments of the loan principal and the revenues from interest are subsequently used to make new loans. The SRF thereby becomes a continuing source of funding.

With the Title IV amendments to the Clean Water Act in 1987, the CWSRF replaced the Construction Grants program that had been in effect through the 1970s and 1980s. Whereas the Construction Grants program largely provided grants, the CWSRF program uses a variety of options (e.g. direct loans, refinancing, and repurchasing). Interest rates ranges from 0 percent to market rate, and repayment periods are up to twenty years. Several states have used certain arrangements to extend repayment periods to thirty years. Loan repayments and interest earnings (net) have recycled more than \$1 billion

¹⁵¹ Nonpoint source pollution is pollution which cannot be traced back to a single origin; examples include stormwater runoff, water runoff from urban areas and failed septic systems, and agricultural water runoff.

annually into the program to fund new projects.¹⁵² Some states administer the CWSRF and the Drinking Water State Revolving Fund (DWSRF) programs together while other states administer each program separately.

Communities, individuals, citizens groups, and nonprofit organizations are eligible recipients. The goal of the program is to improve watershed quality through a wide range of water-quality-related projects to protect water resources, including:¹⁵³

- Control of agricultural runoff
- Management of soil erosion
- Development of zones to buffer stream banks
- Protection and restoration of wetlands, and management of estuaries (e.g. restocking of fish, restoration of wildlife habitats, and management of marine sewage pump-out)
- Planning, design, and construction of publicly owned treatment works (POTWs)
- Building or rehabilitation of wastewater collection systems
- Stormwater, sanitary sewer overflow (SSO), and combined sewer overflow (CSO) control measures
- Remedial activities from underground storage tank problems

Funding for private systems is not permitted.¹⁵⁴

¹⁵² Environmental Protection Agency, *Financing America's Clean Water since 1987: A Report of Progress and Innovations* (Washington, D.C.: EPA, May 2001), available at www.epa.gov/owm/cwfinance/cwsrf/progress.pdf

¹⁵³ Environmental Protection Agency, *The Clean Water State Revolving Fund Program* (Washington, D.C.: EPA, May 1999), available at www.epa.gov/owm/cwfinance/cwsrf/cwsrf.pdf.

Each of the states administers its own CWSRF program, and project eligibility varies according to each state's program and priorities. The CWSRF is generally touted as a successful permanent, state-operated financial assistance program. SRF regulations stipulate that state cost-sharing funds equal 20 percent of federal government grants.

States have the option of customizing their programs to meet the needs of small communities (populations less than 10,000) and impoverished communities. In 2003, sixty-seven percent of all loans (20 percent of the funding) were made to small communities.

Some state programs and innovative borrowers have used a variety of strategies to increase funding. Leveraging SRF funding with that of other sources has provided roughly twice as much as the federal grant contribution.

A few states use cross-program credit enhancements between the CWSRF and the Drinking Water SRF (DWSRF) programs, in which one SRF invests in the other to make up any shortfalls that could threaten the repayment of SRF-issued bonds. (New York is the only listed Appalachian state using these cross-collateralization strategies.)

"Linked-deposit loans," in which the CWSRF works with local banks, also are in use. Local governments act as conduits to homeowners; for example, local governments back local bank loans to farmers to finance nonpoint source pollution control and replacement of faulty septic systems. General obligation

¹⁵⁴ Environmental Protection Agency, Office of Water, *Paying for Water Quality: Managing Funding Programs to Achieve the Greatest Environmental Benefit. Report to Congress* (Washington, D.C.: EPA, July 2003), available at www.epa.gov/OW-OWM.html/cwfinance/cwsrf/rtc0703.pdf.

bonds or user fees are often used as the dedicated repayment guarantee for these linked-deposit loans.¹⁵⁵

States are required to rank potential SRF projects in priority order. EPA does not require that states fund projects in strict priority order, but funding decisions must be consistent with the rankings.

States are not required to include nonpoint source and estuary projects on their priority lists. However, if they intend to fund nontraditional projects (projects with a primary purpose other than water quality), they must follow an integrated planning and priority-setting process that incorporates nonpoint source and estuary projects. As of 2001, seventeen states had implemented integrated planning and priority-setting systems; the states in Appalachia included Maryland, New York, and Ohio.¹⁵⁶

Nationwide annual assistance from CWSRF averaged about \$3.2 billion from 1996 through 2000, about \$4.3 billion from 2001 through 2004. Of the approximately \$4.6 billion in public monies allocated from 2000 through 2003 in Appalachia, the CWSRF program accounted for \$1.418 billion (31 percent).¹⁵⁷ For the outlays from Congress and by CWSRF, including state contributions and recycled loans, see Table J-1.

¹⁵⁵ Environmental Protection Agency, Office of Water, *Development, Selection, and Pilot Demonstration of Preliminary Environmental Indicators for the Clean Water State Revolving Loan Program* (Washington, D.C.: EPA, March 2001), available at http://www.epa.gov/owm/cwfinance/cwsrf/enhance/DocFiles/Other%20Docs/env_indicator_s-v1.pdf

¹⁵⁶ Environmental Protection Agency, Office of Water, *Integrated Planning and Priority Setting in the Clean Water State Revolving Fund Program* (Washington, D.C.: EPA, March 2001), available at www.epa.gov/owm/cwfinance/cwsrf/ipps_web.pdf.

¹⁵⁷ UNCEFC, Master Funding Database, 2004.

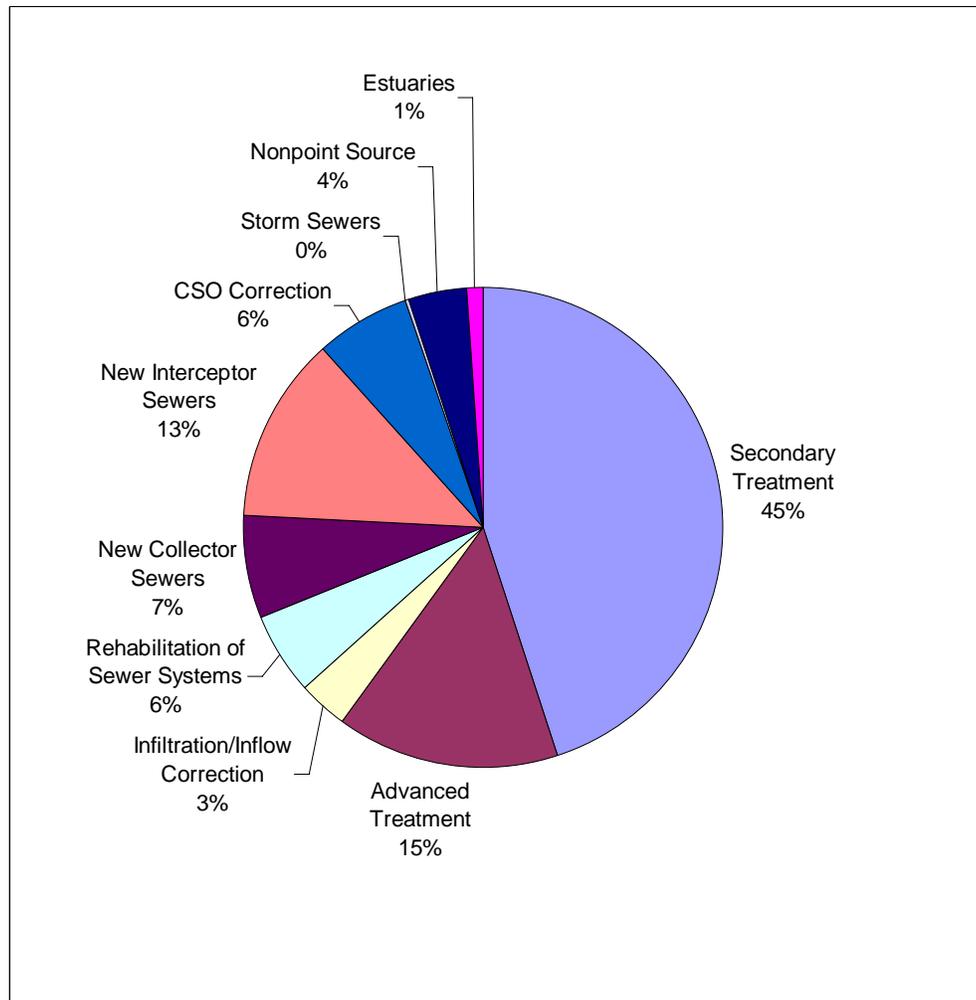
Table J-1. CWSRF Finances, 2000–2004

Year	Federal Capitalization Grants (Congressional Outlays)	CWSRF Disbursements
2000	\$1,353,634,254	\$4,318,954,889
2001	1,523,822,945	3,882,681,083
2002	1,268,292,766	4,436,943,560
2003	1,251,281,260	4,744,022,502
2004	1,092,800,000	4,308,800,000

Sources: Data for 2000–2003 from Environmental Protection Agency, *Clean Water SRF Program Information, National Summary* (Washington, D.C.: EPA, 23 October 2003), available at www.epa.gov/region5/water/cwsrf/pdf/us.pdf. Data for 2004 from Environmental Protection Agency, Office of Water, *Clean Water State Revolving Fund Programs/2004 Annual Report* (Washington, D.C.: EPA, April 2005), available at www.epa.gov/OW-OWM.html/cwfinance/cwsrf/cwsrf-annreport2004.pdf.

From 1988 to 1999, the CWSRF program mostly funded secondary treatment projects (45 percent). Nonpoint source and estuary projects constituted only 5 percent (refer to Figure J-1).¹⁵⁸

¹⁵⁸ EPA, *Development, Selection, and Pilot Demonstration*.

Figure J-1. CWSRF Assistance, by Category, 1988–1999

Source: Reprinted from Environmental Protection Agency, Office of Water, *Development, Selection, and Pilot Demonstration of Preliminary Environmental Indicators for the Clean Water State Revolving Loan Program* (Washington, D.C.: EPA, March 2001), Page 1-3, available at www.epa.gov/owm/cwfinance/cwsrf/enhance/DocFiles/Other%20Docs/env_indicators-v1.pdf

Drinking Water State Revolving Fund

The Drinking Water State Revolving Fund (DWSRF) is overseen by EPA, Office of Ground Water and Drinking Water, Infrastructure Branch. Each state carries out its own SRF program. The DWSRF was established under the 1996 Safe Drinking Water Act Amendments. Its goal is to provide states with a financing mechanism for ensuring safe drinking water to the public. States may use the federal money awarded to them to develop an infrastructure funding account, from which they may make assistance available to water systems. States contribute to the capitalization of their DWSRF programs by depositing at least 20 percent of each grant into the fund.¹⁵⁹

Like the CWSRF, the DWSRF is a revolving fund (see the explanation under CWSRF). Each state's eligibility for funding is based on the total eligible need determined by the EPA's Drinking Water Needs Survey (DWNS). The EPA conducted DWNSs in 1995 (results published in 1997) and 1999 (results published in 2001).

States are required to have programs that (1) ensure that water systems are sustainable, (2) improve the technical, financial, and managerial capacity of the systems, and (3) ensure that operators are adequately trained.¹⁶⁰ As indicated in the Safe Drinking Water Act, priority is given to projects that address (1) the most-serious risk to human health; (2) compliance with the Safe Drinking Water Act, and (3) systems most in need, on a per household basis, according to state-

¹⁵⁹ Drinking Water State Revolving Funds; Interim Rule, 65 Fed. Reg. 48286 (2000) (to be codified at 40 C.F.R. pts. 9, 35), available at www.epa.gov/safewater/dwsrf/dwsrfrule.pdf.

¹⁶⁰ Environmental Protection Agency, Office of Water, *The Drinking Water State Revolving Fund Program: Financing America's Drinking Water from the Source to the Tap. Report to Congress*, (Washington, D.C.: EPA, May 2003), available at www.epa.gov/safewater/dwsrf/pdfs/dwsrf_congressreport-main.pdf.

determined affordability criteria. Eligible systems include both publicly and privately owned community water systems and nonprofit noncommunity water systems. Qualified projects are as follows:¹⁶¹

- Treatment (to maintain compliance with contaminant regulations)
- Transmission and distribution (installation or replacement of distribution mains)
- Source water (well rehabilitation or development of new sources to replace contaminated sources)
- Storage (installation or improvement)
- Consolidation (if a system is unable to manage contaminated sources or maintain capacity)
- Creation of new systems (to replace contaminated sources or to consolidate existing problem systems)

Each state develops a priority system for funding projects generally based on the aforementioned qualified project types. The projects are ranked by the state and then offered loans on the basis of their ranking. Each state develops its own specific criteria. Some states administer the CWSRF and the DWSRF programs together, others separately. The criteria are state-specific but generally follow the federal DWSRF guidelines. Transfers between the two SRF programs are allowed, up to 33 percent of the DWSRF amounts.

From 1997 through 2001, about \$847 million was available annually to the states and territories via the DWSRF program.¹⁶² Of the approximately \$4.6

¹⁶¹ Environmental Protection Agency, Office of Water, *The Drinking Water State Revolving Fund: Financing America's Drinking Water. A Report of Progress* (Washington, D.C.: EPA, November 2000), available at www.epa.gov/safewater/dwsrf/progress.pdf.

¹⁶² EPA, *The Drinking Water State Revolving Fund Program: Financing America's Drinking Water from the Source to the Tap*.

billion in public monies allocated from 2000 through 2003 in Appalachia, the DWSRF program accounted for about \$467 million (10 percent).¹⁶³ Interest rates for loans made under the program may be between 0 percent and market rate, with repayment periods of up to thirty years. Weighted average interest rates for loans in the program have generally ranged from 2 to 4 percent.¹⁶⁴ Most DWSRF monies fund water treatment projects (43 percent), followed by transmission and distribution projects (32 percent).¹⁶⁵

DWSRF focuses on smaller and disadvantaged communities and programs that “emphasize prevention as a tool for ensuring safe drinking water.”¹⁶⁶ Congress requires that states provide a minimum of 15 percent of their funds to systems serving 10,000 people or less. State-defined disadvantaged communities are eligible for additional assistance, if the state has a program for disadvantaged communities. Assistance can take the form of lower interest rates, forgiveness of principal, negative interest rate loans, or extension of repayment terms up to thirty years. About 75 percent of loans have been disbursed to small systems.¹⁶⁷

Each state may set aside portions of its EPA funds for certain purposes: up to 10 percent to support its own drinking-water program (e.g. administration, technical assistance, implementation of capacity development, or operator certification programs); up to 4 percent to administer its DWSRF program and

¹⁶³ UNCEFC, Master Funding Database, 2004.

¹⁶⁴ EPA, *The Drinking Water State Revolving Fund Program: Financing America's Drinking Water from the Source to the Tap*.

¹⁶⁵ *Ibid*

¹⁶⁶ EPA, DWSRF Home; Frequent Question Number 1; website (last visited 14 June 2005) at <http://www.epa.gov/safewater/dwsrffrequentquestions.html>

¹⁶⁷ EPA, *The Drinking Water State Revolving Fund: Financing America's Drinking Water*.

provide technical assistance; and up to 2 percent for technical assistance to small systems. Further, with a 1:1 state-federal match, states may provide local assistance (develop new source waters, wellhead protection, land conservation and easements, and capacity development strategies).¹⁶⁸ The analysis of funding in this report is based on the funds actually distributed to communities, so it does not include the set-aside amounts.

The DWSRF program is generally considered more flexible than the CWSRF program.

United States Department of Agriculture, Rural Utilities Service, Water and Waste Disposal Loans and Grants Program

The rural development mission of the U. S. Department of Agriculture (USDA) consists of three programs, one of which is the Rural Utilities Service (RUS). USDA-RUS has been funding water and wastewater infrastructure in the United States since the 1903s.

The Water Programs Division of RUS has four programs that provide technical and financial assistance to operate and develop safe and affordable water supply and wastewater systems and other waste disposal facilities. The four programs include Water and Waste Disposal Loans and Grants (WWDLG), Emergency Community Water Assistance Grants, Technical Assistance and Training Grants, and Solid Waste Management Grants. This analysis incorporated the drinking-water- and wastewater-related projects which were largely from the WWDLG program.

¹⁶⁸ *Ibid.*

The purpose of the WWDLG program is to develop water and waste disposal (including solid waste disposal and storm drainage), infrastructure in rural areas and in small towns (those with populations of less than 10,000, based on Census Bureau data), and reducing costs to reasonable levels. The program is aimed toward improvements in drinking water, wastewater, and solid waste infrastructure. Solid waste projects are not included in this analysis. RUS also provides guarantees to banks and other eligible lenders for water and waste disposal loans.

The recipients of grants must be public entities – municipalities, counties, special purpose districts, Indian tribes, and corporations not operated for profit, including cooperatives. (If an appropriate entity does not already exist, a new entity may be formed to provide the needed service).¹⁶⁹ Funding has been used for three types of projects:¹⁷⁰

- Construction, repair, modification, expansion, or other improvements of water supply and distribution systems and waste collection and treatment systems (also storm drainage and solid waste disposal facilities)
- Land acquisition for needed land, water source protection, and water rights
- Legal and engineering development fees

From 1991 through 2000, USDA allocated an average of \$1.2 billion annually.¹⁷¹ In fiscal year 2003, the following funds were available for the WWDLG program nationally:¹⁷²

¹⁶⁹ United States Department of Agriculture, Rural Development, “Water and Waste Programs” (last updated 11 May 2004), available at www.usda.gov/rus/water/programs.htm.

¹⁷⁰ *Ibid.*

¹⁷¹ General Accounting Office, *Information on Federal and State Financial Assistance: Report to Congressional Requesters* (Washington D.C.: GAO, November 2001).

Direct loans	\$ 797,567,000
Guaranteed loans	75,000,000
Grants	425,000,000
Total	\$1,297,567,000

Of the approximately \$4.6 billion in public monies allocated from 2000 through 2003 in Appalachia, the USDA–RUS program accounted for about \$314 million (7 percent).¹⁷³

The repayment period for loans is forty years at a maximum. However, the repayment period may not exceed the useful life of the facilities financed or other statutory borrowing authority limitations. Grants may be provided when necessary to reduce user costs to a reasonable level. Grants may cover a maximum of 75 percent of eligible facility development costs. As a result, cost-sharing by other governments (local, state, or federal) is required at varying rates, but at least at 25 percent of the project total.¹⁷⁴

The three principal USDA eligibility criteria include: (1) the per capita income of the residents may not be more than 70 percent of the most recent national average per capita income (as determined by the U.S. Department of Commerce); (2) the unemployment rate of the residents may not be less than 125 percent of the most recent national average unemployment rate (as determined by the U.S. Department of Labor, Bureau of Labor Statistics); and (3) the residents to be served are to be challenged with significant health risks due to a significant

¹⁷² United States Department of Agriculture, Rural Utilities Service, *Water and Waste Disposal Programs, Fiscal Year 2003* (Washington, D.C.: USDA, 2003), available at www.usda.gov/rus/water/docs/wwfact.pdf.

¹⁷³ UNCEFC, Master Funding Database, 2004.

¹⁷⁴ USDA, Rural Development, “Water and Waste Programs.”

proportion of them not having access to, or being served by, adequate, affordable, water and waste disposal systems. Documentation to support the three criteria is required.¹⁷⁵

A priority system is used to rank projects. As defined in the regulations, points are assigned on the basis of lower populated areas, statewide nonmetropolitan median household income, the percentage of joint financing, and other discretionary factors (for example, severe health risk or natural disasters).¹⁷⁶

United States Department of Housing and Urban Development, Community Development Block Grant Program

Since 1974 the Community Development Block Grant (CDBG) program of the U.S. Department of Housing and Urban Development (HUD) has been administering grants through HUD's Economic Development Program. The goal of the CDBG program is to "ensure decent affordable housing for all, . . . to provide services to the most vulnerable in our communities, [and] to create jobs and expand business opportunities."¹⁷⁷ This program administers mostly grants and few loans, and as a result, it often is an attractive source of funding to communities.

CDBG funds are divided between a state program and a local jurisdictions (entitlement communities) program. Both sets of CDBG funding were included

¹⁷⁵ Water and Waste Disposal Loans and Grants, 7 C.F.R. ch. 17, pt. 1777, § 306C (1998), available at www.access.gpo.gov/nara/cfr/waisidx_98/7cfr1777_98.html.

¹⁷⁶ *Ibid.*

¹⁷⁷ United States Department of Housing and Urban Development, Community Planning and Development, "Community Development Block Grant (CDBG) Programs" (last updated 27 May 2005), available at www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm.

in this analysis. The entitlement communities are (1) central cities of metropolitan statistical areas (2) other metropolitan cities with populations of at least 50,000, and (3) qualified urban counties with populations of at least 200,000 (excluding the populations of entitlement cities).

Entitlement community grants are used for a wide range of community development activities, including revitalization of neighborhoods, economic development, and provision of improved community facilities and services. Priority is given to projects targeting low- and moderate-income people. All recipients of entitlement city grants must complete an HUD planning document.

The nonentitlement program distributes funding directly to each state. The monies are directed to localities that do not qualify as entitlement communities. Nonentitlement areas are cities with populations of less than 50,000 and counties with populations of less than 200,000. The state program distributes funds to units of general local government involved in development activities, not directly to citizens or private organizations. The state-specific CDBG program determines the funding allocations.¹⁷⁸

Eligible CDBG projects are those that meet at least one of the following criteria: (1) they benefit low- and moderate-income people, (2) they prevent or eliminate slums or blight, or (3) they address “community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.”¹⁷⁹

Grant prioritizations are based on a formula that uses several measures of community need, including poverty, population, incidence of overcrowded housing, age of housing, and population growth lag in relationship to other

¹⁷⁸ *Ibid.*

¹⁷⁹ *Ibid.*

metropolitan areas. Plans must include a citizen participation component, particularly participation by residents of predominantly low- and moderate-income neighborhoods.¹⁸⁰

Eligibility criteria for nonentitlement areas are state dependent and updated annually. The state must ensure that at least 70 percent of its CDBG grant funds are used for activities that benefit low- and moderate-income people. Priorities are given to programs that benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight. Nonentitlement area funds are prioritized on the basis of a formula that includes population, poverty, incidence of overcrowded housing, and age of housing.¹⁸¹

In the 1990s the HUD-CDBG program distributed roughly \$400 million annually.¹⁸² Of the approximately \$4.6 billion in public monies allocated from 2000 through 2003 in Appalachia, the CDBG program accounted for about \$314 million (7 percent).¹⁸³

Selected State Programs

The Georgia Fund

The Georgia Fund Water and Sewer Loan Program was established by the Georgia General Assembly in 1983 in response to the widening gap between local environmental infrastructure needs and available financial resources.

¹⁸⁰ *Ibid.*

¹⁸¹ *Ibid.*

¹⁸² GAO, *Information on Financial Assistance*

¹⁸³ UNCEFC, *Master Funding Database*, 2004.

Administered by the Georgia Environmental Facilities Authority (GEFA), this program assists local governments (cities, counties, and water and sewer authorities) in constructing and rehabilitating water, sewer, and solid waste facilities by loaning funds at reduced interest rates. All types of water and sewer projects, including water and sewer lines, treatment plants, pumping stations, and water storage tanks, are eligible, provided that the environmental certifications are met and there is a demonstrated ability to repay.¹⁸⁴ The Georgia Fund provided about \$49 million in water and sewer infrastructure funding annually from 2000 through 2003.¹⁸⁵

For water and wastewater loans, the maximum loan amount per year per applicant is \$50,000,000. The actual amount loan is based on the population of the applicant community. The source of financing is annual state appropriations and repayments of outstanding loans. The (low) interest rates are based on the rate of the most recent sale of Georgia's general obligation bonds. Certain communities may qualify for loans at 2 percent.¹⁸⁶

The funding of projects only for the purpose of planning, carrying out of studies, design, engineering, or administration is not authorized. Such activities maybe funded through the program, provided that the related costs are necessary for project construction as defined by the scope of work and as identified in the budget of the approved contract.¹⁸⁷

¹⁸⁴ Georgia Environmental Facilities Authority, *Georgia Fund Water and Sewer Loan Program Policies* (Augusta: GEFA, 27 January 2004), available at www.gefa.org/pdfs/2004_GA_Fund_Loan_Policies_1_27_04.pdf; and Georgia Environmental Facilities Authority website (last visited 9 June 2005), at http://www.gefa.org/water_and_sewer.html.

¹⁸⁵ UNCEFC, Master Funding Database, 2004.

¹⁸⁶ GEFA, Georgia Fund; GEFA website.

¹⁸⁷ *Ibid.*

Coal and Tobacco Development Fund Program (Kentucky)

The goal of the Coal and Tobacco Development Fund Program is to make safe drinking water available to all Kentuckians in coal and tobacco counties.

Developed in 2003, the program is administered through the Kentucky Infrastructure Authority, which was created in 1988 to provide financial assistance for local governments investing in infrastructure.¹⁸⁸

Kentucky divides its counties by the principal commodity they export: coal or tobacco. This program took \$5 million from coal severance taxes to finance more than \$50 million in bonds to support (predominantly through grants) 103 individual water and sewer projects specified by legislators in coal counties. Likewise, it took \$5 million in tobacco settlement money to finance more than \$50 million in bonds to pay for 164 projects in tobacco counties. Future debt service payments on the latter projects will come from the state's General Fund.¹⁸⁹

This analysis covers three programs associated with the funds that originated from the coal severance taxes and tobacco settlement money (see Table J-2).

Table J-2. Distribution of Coal and Severance Tax Receipts, 2002-2003

Program Name	Amount Distributed	Time Frame
Kentucky Coal and Tobacco Development Fund Program	\$50,000,000	2003
Kentucky Coal Severance Tax Receipts (KIA portion only) (total amount)	17,000,000	2002-03
Kentucky Single County Coal Program	27,000,000	2003

Source: UNCEFC, Master Funding Database, 2004.

¹⁸⁸ Kentucky Infrastructure Authority home website (last visited 9 June 2005), at <http://wris.ky.gov/kia/default.htm>.

¹⁸⁹ *Ibid.*

High-Unit Cost Grant Program for Wastewater (North Carolina)

North Carolina's High-Unit Cost Grant Program for Wastewater is maintained by the North Carolina Construction Grants and Loans section of the Department of Environment and Natural Resources. The program is designed to provide up to \$3,000,000 per applicant to communities that have high wastewater charges. The goal is to make projects more affordable by keeping user fees at a reasonable level.

Eligibility is based on a formula that includes an analysis of the applicant's monthly water and sewer rate versus the residential state average. Applications are to include engineering documents.

The monies originated from general obligation bonds issued in 1998. The bonds are being paid back by general state revenues (for example, taxes). The program has been providing funding since calendar year 1999 (for funding for CY 2000 through 2003, see Table J-3). However, as of 2004 the available funds were nearly diminished, and there were no immediate plans to revive the program.

Table J-3. Distribution of High-Unit Cost Grant Program Funds, 2000-2003

Calendar Year	Amount
2000	\$99,047,183
2001	72,975,643
2002	54,024,184
2003	18,315,121

Source: UNCEFC, Master Funding Database, 2004.

Infrastructure and Jobs Development Council (West Virginia)

The West Virginia Infrastructure and Jobs Development Council was created in 1994 through the West Virginia Infrastructure and Jobs Development Act. The council funds water, wastewater, and economic development projects and coordinates funding from other state agencies and the federal government. It thus is a kind of funding clearinghouse that has created a pooled (bond bank) program that uses the state's administrative capacity and creditworthiness to obtain private capital at more favorable terms than individual communities could obtain.

The 1994 act authorized the state to issue \$300 million in general obligation bonds for infrastructure.¹⁹⁰ The act was modified in 1998 to allow the council to sell revenue bonds to provide additional funds to communities. The general obligation and revenue bond proceeds are made available to local communities in the form of grants (approximately 20 percent of the funds) and loans of up to twenty years at 0, 1, and 2 percent interest. The state uses coal severance taxes to retire the original general obligation bond issue and established (as opposed to new) community loans to retire the revenue bonds.¹⁹¹

A select list of WVIJDC eligible projects, ranked by criteria specified in the 1994 act, are as follows:¹⁹²

- Public health benefits
- Economic development benefits

¹⁹⁰ West Virginia Infrastructure and Jobs Development Council profile website (last visited 6 June 2005), <http://www.wvinfrastructure.com/profile/index.html>.

¹⁹¹ Katy Mallory, Executive Secretary, West Virginia Infrastructure and Jobs Development Council, interview with Jeff Hughes, 21 October 2004; WVIJDC, *2002 Report*.

¹⁹² West Virginia Infrastructure and Jobs Development Council website (last visited 6 June 2005), www.wvinfrastructure.com/events/projects.html.

- Compliance with state and federal regulations (the Clean Water Act and the Safe Drinking Water Act)
- The degree to which the project encourages system consolidation
- Cost-effectiveness
- The availability of alternative funding sources
- Operating and maintenance needs
- State or regional planning goals outlined in planning documentation
- Readiness to proceed

Applications, engineering reports, and West Virginia Public Service Commission data are to be included in the funding requests. The application deadline is the twentieth of each month.¹⁹³

The council helps communities by providing a comprehensive overview of water and wastewater needs and areas where needs are the greatest to identify where consolidation of small systems can provide economies of scale that will reduce costs and improve residential service.

From 2000 through 2003, the council operated the largest pooled loan program in Appalachia, providing more than \$215 million in loans and \$56 million in grants to communities.¹⁹⁴

¹⁹³ *Ibid.*

¹⁹⁴ UNCEFC, Master Funding Database, 2004.